

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

ANDERSON COMMUNITY SCHOOL CORPORATION
MADISON COUNTY, INDIANA

July 1, 2010 to June 30, 2012



FILED
01/28/2013

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Auditor's Report	3-4
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statement Performed in Accordance With Government Auditing Standards	5-6
Financial Statement: Statement of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances – Regulatory Basis	8-9
Notes to Financial Statement	10-15
Supplementary Information: Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis	18-33
Audit Results and Comments: Transportation Fund Expenditures	34
Use of Form SA-5, Financial Report	34
Bank Account Reconciliations	34-35
Interest on Investments	35
Supplemental Audit of Federal Awards: Independent Auditor's Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133	38-39
Schedule of Expenditures of Federal Awards	42-43
Notes to Schedule of Expenditures of Federal Awards	44
Schedule of Findings and Questioned Costs	45
Auditee Prepared Schedules: Summary Schedule of Prior Audit Findings	46-47
Exit Conference	48
Official Response	49

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Kevin Brown	07-01-10 to 06-30-13
Superintendent of Schools	Dr. Felix Chow	07-01-10 to 06-30-13
President of the School Board	Dr. Scott Green Ben Gale	07-01-10 to 06-30-11 07-01-11 to 12-31-12



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE ANDERSON COMMUNITY SCHOOL
CORPORATION, MADISON COUNTY, INDIANA

We have audited the accompanying financial statement of the Anderson Community School Corporation (School Corporation), for the period of July 1, 2010 to June 30, 2012. This financial statement is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control over reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the School Corporation prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. The basis of accounting noted above is a different basis than that used in the prior period.

In our opinion, because of the matter discussed in the preceding paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position and results of operations of the School Corporation for the period of July 1, 2010 to June 30, 2012.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the School Corporation for the period of July 1, 2010 to June 30, 2012, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated December 20, 2012, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial

INDEPENDENT AUDITOR'S REPORT
(Continued)

reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other reports used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances – Regulatory Basis, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.

The School Corporation's response to the Audit Results and Comments identified in our audit is described in the accompanying section of the report entitled Official Response. We did not audit the School Corporation's response and, accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

December 20, 2012



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENT
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

**TO: THE OFFICIALS OF THE ANDERSON COMMUNITY SCHOOL
CORPORATION, MADISON COUNTY, INDIANA**

We have audited the financial statement of the Anderson Community School Corporation (School Corporation), for the period of July 1, 2010 to June 30, 2012, and have issued our report thereon dated December 20, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the School Corporation is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the School Corporation's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENT
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

The School Corporation's response to the findings identified in our audit is described in the accompanying Official Response. We did not audit the School Corporation's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the School Corporation's management, School Board, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

December 20, 2012

FINANCIAL STATEMENT

The financial statement and accompanying notes were approved by management of the School Corporation. The financial statement and notes are presented as intended by the School Corporation.

ANDERSON COMMUNITY SCHOOL CORPORATION
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES
REGULATORY BASIS
For the Years Ended June 30, 2011 and 2012

	Cash and Investments 07-01-10	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-11	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-12
General	\$ (2,644,785)	\$ 65,912,440	\$ 58,534,028	\$ (1,521,389)	\$ 3,212,238	\$ 56,671,450	\$ 46,833,989	\$ (712,526)	\$ 12,337,173
Debt Service	(1,629,215)	20,712,138	18,140,195	(2,080,000)	(1,137,272)	13,190,336	11,978,336	1,074,236	1,148,964
Retirement/Severance Bond Debt Service	(77,304)	6,459,396	6,270,007	288,000	400,085	4,718,583	4,975,791	1,110,438	1,253,315
Capital Projects	1,256,512	9,554,901	7,800,061	1,792,000	4,803,352	4,746,379	7,199,177	(2,184,674)	165,880
School Transportation	11,225	8,356,702	6,744,178	-	1,623,749	5,382,490	6,320,646	-	685,593
School Bus Replacement	(216,850)	1,578,112	600,000	-	761,262	416,290	1,124,073	-	53,479
Rainy Day	264,227	-	-	-	264,227	-	-	-	264,227
Retirement/Severance Bond	5,739,865	582	515,127	-	5,225,320	424	829,085	-	4,396,659
High School Remodeling Phase II	2,154,594	-	1,405,280	1,212	750,526	-	750,526	-	-
School Lunch	702,849	4,298,166	4,050,888	-	950,127	4,076,509	4,205,522	-	821,114
Textbook Rental	1,151,322	466,464	76,829	-	1,540,957	416,053	41,081	-	1,915,929
Self-Insurance	17,054,360	14,196,323	12,130,623	-	19,120,060	12,628,140	11,702,587	-	20,045,613
Levy Excess	-	114,051	-	-	114,051	-	-	-	114,051
Joint Services and Supply - Area Vocational School	58,375	-	1,476,518	1,418,143	-	103,246	833,889	730,643	-
Alternative Education	177,730	81,526	31,661	-	227,595	26,642	726	-	253,511
School Library Printed Material	2,546	-	-	-	2,546	-	-	-	2,546
Early Intervention Grant 2006/2007	11,108	490	-	-	11,598	-	-	-	11,598
Reading Recovery	208,082	14,850	12,482	-	210,450	13,347	17,085	-	206,712
School Intervention and Career Counseling	1,094	-	1,084	-	10	-	-	-	10
Amanda K. Breece Scholarship	2,860	6	-	-	2,866	5	-	-	2,871
Invest in Anderson	2,751	-	-	-	2,751	-	-	-	2,751
Early Intervention Grant 2009/2010	20,191	1,960	19,722	-	2,429	-	1,711	-	718
Tanglewood Donation	3,620	-	-	-	3,620	-	-	-	3,620
Positive Behavior	-	-	-	-	-	2,000	1,803	-	197
Guide Corp Elem	644	-	-	-	644	-	-	-	644
Donations Gifts	23,882	839	-	-	24,721	217	-	-	24,938
Co-op Program	1,521	-	-	-	1,521	-	-	-	1,521
Naval Junior ROTC	(70,939)	55,673	78,099	-	(93,365)	54,870	75,699	-	(114,194)
Insig 2008/2009	974	-	51	-	923	-	-	-	923
Indiana Math Initiatives	3,046	-	-	-	3,046	-	-	-	3,046
Uniform Closets	4,962	-	-	-	4,962	-	-	-	4,962
Miscellaneous Programs II	1,350	-	-	-	1,350	-	-	-	1,350
High Ability Grant 2009/2010	10,494	-	10,494	-	-	-	-	-	-
High Ability Grant 2010/2011	-	64,904	57,651	-	7,253	-	7,253	-	-
High Ability Grant 2011/2012	-	-	-	-	-	58,077	42,798	-	15,279
Non-English Speaking Programs P.L. 273-1999	10,025	34,234	37,370	-	6,889	31,671	34,115	-	4,445
School Technology	-	187,993	174,756	-	13,237	-	13,237	-	-
Performance Based Awards	198,129	-	77,023	-	121,106	-	39,868	-	81,238

The notes to the financial statement are an integral part of this statement.

ANDERSON COMMUNITY SCHOOL CORPORATION
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES
REGULATORY BASIS
For the Years Ended June 30, 2011 and 2012
(Continued)

	Cash and Investments 07-01-10	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-11	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-12
Title I Delinquent	16,072	4,600	19,122	(1,550)	-	-	-	-	-
Title I Part D 2009/2010	-	17,812	20,394	1,550	(1,032)	6,407	5,375	-	-
Title I Part D 2010/2011	-	-	-	-	-	35,841	36,016	-	(175)
Title I 2011/2012	-	-	-	-	-	2,734,172	2,949,314	-	(215,142)
Title I 2009/2010	728,059	427,200	601,190	(554,069)	-	-	-	-	-
Title I 2010/2011	-	1,398,324	2,459,469	554,069	(507,076)	1,399,984	892,908	-	-
Title I Jump Start	160	-	-	-	160	-	160	-	-
Title One School Improvement I	152,702	132,339	361,575	-	(76,534)	491,520	428,935	-	(13,949)
McKinney - Vento Education for Homeless 2010/2011	-	16,155	21,312	-	(5,157)	51,252	46,095	-	-
McKinney - Vento Education for Homeless 2011/2012	-	-	-	-	-	56,833	56,833	-	-
Special Ed Part B 2010/2011	-	950,661	1,118,558	-	(167,897)	1,407,543	1,239,646	-	-
Special Ed Part B 2011/2012	-	-	-	-	-	784,781	849,251	-	(64,470)
Special Ed Carryover 2009/2010	(102,518)	341,712	239,194	-	-	-	-	-	-
Special Education Preschool Carryover 2009/2010	(24,955)	15,219	(9,736)	-	-	-	-	-	-
Special Education Preschool 2010/2011	-	92,246	102,504	-	(10,258)	10,258	-	-	-
Special Education Preschool 2011/2012	-	-	-	-	-	82,577	85,771	-	(3,194)
Adult Education 2010/2011	-	99,436	107,151	-	(7,715)	66,746	59,031	-	-
Adult Education 2011/2012	-	-	-	-	-	71,643	76,870	-	(5,227)
Title Adult Basic 2007/2008	(2,446)	-	(2,446)	-	-	-	-	-	-
Adult Basic Education 2009/2010	19,190	-	19,190	-	-	-	-	-	-
Drug Free Schools	45,201	21,152	91,038	-	(24,685)	46,508	21,823	-	-
School Technology II	-	28,875	28,875	-	-	-	-	-	-
Improving Teaching Quality, No Child Left, Title II, Part A	(56,511)	406,375	383,606	-	(33,742)	1,175,258	1,151,898	-	(10,382)
Title III, Language Instruction	(6,867)	13,646	31,846	-	(25,067)	37,068	27,053	-	(15,052)
Teaching American History	(5,437)	67,357	61,920	-	-	-	-	-	-
Web Wise Kids	(9,720)	12,759	3,038	-	1	1,686	2,776	-	(1,089)
Title I - Grants to LEAs	68,849	733,763	1,219,389	-	(416,777)	483,259	66,482	-	-
Special Education - Part B	(496,800)	1,012,329	263,745	-	251,784	104,227	356,011	-	-
Special Education - Part B - Preschool	27,814	1,383	13,748	-	15,449	40,080	55,529	-	-
McKinney - Vento Education for Homeless 2009/2010	54,678	-	54,678	-	-	-	-	-	-
Title I - Part D, Subpart 2	1,563	9,400	6,657	-	4,306	-	4,306	-	-
Education Jobs	-	440,412	1,254,485	-	(814,073)	907,548	97,212	-	(3,737)
Payroll Clearing Fund	308,790	18,919,088	18,855,283	-	372,596	18,044,980	16,907,628	-	1,509,948
Totals	<u>\$ 25,157,069</u>	<u>\$ 157,253,993</u>	<u>\$ 145,569,912</u>	<u>\$ (102,034)</u>	<u>\$ 36,739,117</u>	<u>\$ 130,576,900</u>	<u>\$ 122,445,920</u>	<u>\$ 18,117</u>	<u>\$ 44,888,214</u>

The notes to the financial statement are an integral part of this statement.

ANDERSON COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

School Corporation, as used herein, shall include, but is not limited to, school townships, school towns, school cities, consolidated school corporations, joint schools, metropolitan school districts, township school districts, county schools, united schools, school districts, cooperatives, educational service centers, community schools, community school corporations, and charter schools.

The School Corporation was established under the laws of the State of Indiana. The School Corporation operates under a Board of School Trustees form of government and provides educational services.

The accompanying financial statement presents the financial information for the School Corporation.

B. Basis of Accounting

The financial statement is reported on a regulatory basis of accounting prescribed by the State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

C. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as receipts in the year of the sale of the investment.

D. Receipts

Receipts are presented in the aggregate on the face of the financial statement. The aggregate receipts include the following sources:

Local sources which include taxes, revenue from local governmental units other than school corporations, transfer tuition, transportation fees, investment income, food services, school corporation activities, revenue from community services activities, and other revenue from local sources.

Intermediate sources which include distributions from the County for fees collected for or on behalf of the School Corporation including educational license plate fees, congressional interest, riverboat distributions, and other similar fees.

State sources include distributions from the State of Indiana and are to be used by the School Corporation for various purposes. Included in state sources are unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

ANDERSON COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Federal sources include distributions from the federal government and are to be used by the School Corporation for various purposes. Included in federal sources are unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

Temporary loans which include money received from a loan obtained to pay current expenses prior to the receipt of revenue from taxes levied for that purpose. These loans, sometimes designated tax anticipation warrants, must be repaid from the next semiannual distribution of local property taxes levied for such fund.

Other receipts which include amounts received from various sources which include return of petty cash, return of cash change, insurance claims for losses, sale of securities, and other receipts not listed in another category above.

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statement. The aggregate disbursements include the following uses:

Instruction which includes outflows for regular programs, special programs, adult and continuing education programs, summer school programs, enrichment programs, remediation, and payments to other governmental units.

Support services which include outflows for support services related to students, instruction, general administration, and school administration. It also includes outflows for central services, operation and maintenance of plant services, and student transportation.

Noninstructional services which include outflows for food service operations and community service operations.

Facilities acquisition and construction which includes outflows for the acquisition, development, construction, and improvement of new and existing facilities.

Debt services which include fixed obligations resulting from financial transactions previously entered into by the School Corporation. It includes all expenditures for the reduction of the principal and interest of the School Corporation's general obligation indebtedness.

Nonprogrammed charges which include outflows for donations to foundations, securities purchased, indirect costs, scholarships, funds held temporarily for an authorized recipient and self-insurance payments.

F. Other Financing Sources and Uses

Other financing sources and uses are presented in the aggregate on the face of the financial statement. The aggregate other financing sources and uses include the following:

Proceeds of long-term debt which includes money received in relation to the issuance of bonds or other long-term debt issues.

Sale of capital assets which includes money received when land, buildings, or equipment owned by the School Corporation is sold.

ANDERSON COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Transfers in which includes money received by one fund as a result of transferring money from another fund. The transfers are used for cash flow purposes as provided by various statutory provisions.

Transfers out which includes money paid by one fund to another fund. The transfers are used for cash flow purposes as provided by various statutory provisions.

G. Fund Accounting

Separate funds are established, maintained, and reported by the School Corporation. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the School Corporation. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the School Corporation in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

Note 2. Budgets

The operating budget is initially prepared and approved at the local level. The fiscal officer of the School Corporation submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

Note 3. Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the School Corporation in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100 percent of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which normally become delinquent if not paid by May 10 and November 10, respectively.

Note 4. Deposits and Investments

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

ANDERSON COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

State statutes authorize the School Corporation to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Note 5. Risk Management

The School Corporation may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the School Corporation to set aside money for claim settlements. The self-insurance fund would be included in the financial statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the Indiana Public Retirement System (INPRS) Board, most requirements of the system, and give the School Corporation authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

INPRS administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Indiana Public Retirement System
1 North Capital Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of INPRS.

ANDERSON COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

B. Teacher's Retirement Fund

Plan Description

The Indiana Teacher's Retirement Fund (TRF) is a defined benefit pension plan. TRF is a cost-sharing multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All employees engaged in teaching or in the supervision of teaching in the public schools of the State of Indiana are eligible to participate in TRF. State statute (IC 5-10.2) governs, through the Indiana Public Retirement System (INPRS) Board, most requirements of the system, and gives the School Corporation authority to contribute to the plan. The TRF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The School Corporation may elect to make the contributions on behalf of the member.

INPRS issues a publicly available financial report that includes financial statements and required supplementary information for the TRF plan as a whole and for its participants. That report may be obtained by contacting:

Indiana Public Retirement System
1 North Capital Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 286-3544

Funding Policy and Annual Pension Cost

The School Corporation contributes the employer's share to TRF for certified employees employed under a federally funded program and all the certified employees hired after July 1, 1995. The School Corporation currently receives partial funding, through the school funding formula, from the State of Indiana for this contribution. The employer's share of contributions for certified personnel who are not employed under a federally funded program and were hired before July 1, 1995, is considered to be an obligation of, and is paid by, the State of Indiana.

Note 7. Negative Disbursements

The School Corporation reported negative disbursements in some grant funds as a result of the reallocation of disbursements reported in the prior year to other funds.

Note 8. Negative Fund Balances

Some reimbursement grant funds had negative fund balances at June 30, 2012. These negative balances occurred because the grants require that funds be expended prior to requesting reimbursements.

ANDERSON COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 9. Holding Corporation

The School Corporation has entered into capital leases with the Anderson School Building Corporation (The Lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purposes of financing and constructing or reconstructing facilities for lease to the School Corporation. Lease payments for the years ended June 30, 2011 and 2012, totaled \$9,227,500 for both years.

Note 10. Post-Employment Benefits

The School Corporation provides post-employment medical insurance benefits to retirees in accordance with Indiana Code 5-10-8. The benefits pose a liability to the School Corporation. Information regarding the benefits can be obtained by contacting the School Corporation.

Note 11. Restatements and Reclassifications

For the year ended June 30, 2010, certain changes have been made to the financial statements to more appropriately reflect financial activity of the School Corporation. The following schedule presents a summary of restated beginning balances by fund:

<u>Fund</u>	<u>Balance as Reported June 30, 2010</u>	<u>Prior Period Adjustments</u>	<u>Balance as Restated June 30, 2010</u>
Self-Insurance	<u>\$ 13,058,360</u>	<u>\$ 3,996,000</u>	<u>\$ 17,054,360</u>

(This page intentionally left blank.)

SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the School Corporation's Financial Reports can be found on the Indiana Department of Education website: <http://mustang.doe.state.in.us/TRENDS/fin.cfm>. This website is maintained by the Indiana Department of Education. More current financial information is available from the School Corporation Treasurer's office.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the Financial Reports of the School Corporation which are referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

The supplementary information presented was approved by management of the School Corporation. It is presented as intended by the School Corporation.

ANDERSON COMMUNITY SCHOOL CORPORATION
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES
REGULATORY BASIS
For the Year Ended June 30, 2011

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond	High School Remodeling Phase II
Cash and investments - beginning	\$ (2,644,785)	\$ (1,629,215)	\$ (77,304)	\$ 1,256,512	\$ 11,225	\$ (216,850)	\$ 264,227	\$ 5,739,865	\$ 2,154,594
Receipts:									
Local sources	1,981,923	14,423,934	4,665,516	7,442,420	6,249,741	1,578,112	-	582	-
Intermediate sources	1,324	-	-	-	-	-	-	-	-
State sources	59,824,219	2,080,000	-	-	-	-	-	-	-
Federal sources	823,905	-	-	-	-	-	-	-	-
Temporary loans	3,279,512	4,208,204	1,793,880	2,112,481	2,106,961	-	-	-	-
Other	1,557	-	-	-	-	-	-	-	-
Total receipts	65,912,440	20,712,138	6,459,396	9,554,901	8,356,702	1,578,112	-	582	-
Disbursements:									
Current:									
Instruction	39,514,727	-	-	-	-	-	-	-	-
Support services	14,965,263	67,753	-	3,046,009	4,347,815	600,000	-	515,127	-
Noninstructional services	501,365	-	-	-	-	-	-	-	-
Facilities acquisition and construction	1,100	-	-	414,771	-	-	-	-	1,405,280
Debt services	3,551,573	18,072,442	6,270,007	4,339,281	2,396,363	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	58,534,028	18,140,195	6,270,007	7,800,061	6,744,178	600,000	-	515,127	1,405,280
Excess (deficiency) of receipts over disbursements	7,378,412	2,571,943	189,389	1,754,840	1,612,524	978,112	-	(514,545)	(1,405,280)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	1,212
Transfers in	-	(2,080,000)	288,000	1,792,000	-	-	-	-	-
Transfers out	(1,521,389)	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(1,521,389)	(2,080,000)	288,000	1,792,000	-	-	-	-	1,212
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	5,857,023	491,943	477,389	3,546,840	1,612,524	978,112	-	(514,545)	(1,404,068)
Cash and investments - ending	\$ 3,212,238	\$ (1,137,272)	\$ 400,085	\$ 4,803,352	\$ 1,623,749	\$ 761,262	\$ 264,227	\$ 5,225,320	\$ 750,526

ANDERSON COMMUNITY SCHOOL CORPORATION
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES
REGULATORY BASIS
For the Year Ended June 30, 2011
(Continued)

	School Lunch	Textbook Rental	Self- Insurance	Levy Excess	Joint Services and Supply Area Vocational School	Alternative Education	School Library Printed Material	Early Intervention Grant 2006/2007	Reading Recovery
Cash and investments - beginning	\$ 702,849	\$ 1,151,322	\$ 17,054,360	\$ -	\$ 58,375	\$ 177,730	\$ 2,546	\$ 11,108	\$ 208,082
Receipts:									
Local sources	1,093,373	-	14,196,323	114,051	-	-	-	-	14,850
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	22,715	466,464	-	-	-	81,526	-	490	-
Federal sources	3,182,078	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	4,298,166	466,464	14,196,323	114,051	-	81,526	-	490	14,850
Disbursements:									
Current:									
Instruction	-	-	-	-	1,088,540	23,617	-	-	-
Support services	-	76,829	5,740	-	387,978	8,044	-	-	12,482
Noninstructional services	4,050,888	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	12,124,883	-	-	-	-	-	-
Total disbursements	4,050,888	76,829	12,130,623	-	1,476,518	31,661	-	-	12,482
Excess (deficiency) of receipts over disbursements	247,278	389,635	2,065,700	114,051	(1,476,518)	49,865	-	490	2,368
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	1,418,143	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	1,418,143	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	247,278	389,635	2,065,700	114,051	(58,375)	49,865	-	490	2,368
Cash and investments - ending	\$ 950,127	\$ 1,540,957	\$ 19,120,060	\$ 114,051	\$ -	\$ 227,595	\$ 2,546	\$ 11,598	\$ 210,450

ANDERSON COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	School Intervention and Career Counseling	Amanda K. Breece S	Invest in Anderson	Early Intervention Grant 2009/2010	Tanglewood Donation	Positive Behavior	Guide Corp Elem	Donations Gifts	Co-op Program
Cash and investments - beginning	\$ 1,094	\$ 2,860	\$ 2,751	\$ 20,191	\$ 3,620	\$ -	\$ 644	\$ 23,882	\$ 1,521
Receipts:									
Local sources	-	6	-	-	-	-	-	839	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	1,960	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	6	-	1,960	-	-	-	839	-
Disbursements:									
Current:									
Instruction	-	-	-	-	-	-	-	-	-
Support services	1,084	-	-	19,722	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	1,084	-	-	19,722	-	-	-	-	-
Excess (deficiency) of receipts over disbursements	(1,084)	6	-	(17,762)	-	-	-	839	-
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,084)	6	-	(17,762)	-	-	-	839	-
Cash and investments - ending	\$ 10	\$ 2,866	\$ 2,751	\$ 2,429	\$ 3,620	\$ -	\$ 644	\$ 24,721	\$ 1,521

ANDERSON COMMUNITY SCHOOL CORPORATION
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES
REGULATORY BASIS
For the Year Ended June 30, 2011
(Continued)

	Naval Junior ROTC	Insig 2008/2009	Indiana Math Initiatives	Uniform Closets	Miscellaneous Programs II	High Ability Grant 2009/2010	High Ability Grant 2010/2011	High Ability Grant 2011/2012	Non-English Speaking Programs P.L. 273-1999
Cash and investments - beginning	\$ (70,939)	\$ 974	\$ 3,046	\$ 4,962	\$ 1,350	\$ 10,494	\$ -	\$ -	\$ 10,025
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	64,904	-	34,234
Federal sources	55,673	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	55,673	-	-	-	-	-	64,904	-	34,234
Disbursements:									
Current:									
Instruction	78,099	-	-	-	-	10,494	57,651	-	-
Support services	-	51	-	-	-	-	-	-	37,370
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	78,099	51	-	-	-	10,494	57,651	-	37,370
Excess (deficiency) of receipts over disbursements	(22,426)	(51)	-	-	-	(10,494)	7,253	-	(3,136)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(22,426)	(51)	-	-	-	(10,494)	7,253	-	(3,136)
Cash and investments - ending	\$ (93,365)	\$ 923	\$ 3,046	\$ 4,962	\$ 1,350	\$ -	\$ 7,253	\$ -	\$ 6,889

ANDERSON COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	School Technology	Performance Based Awards	Title I Delinquent	Title I Part D 2009/2010	Title I Part D 2010/2011	Title I 2011/2012	Title I 2009/2010	Title I 2010/2011	Title I Jump Start
Cash and investments - beginning	\$ -	\$ 198,129	\$ 16,072	\$ -	\$ -	\$ -	\$ 728,059	\$ -	\$ 160
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	187,993	-	-	-	-	-	-	-	-
Federal sources	-	-	4,600	17,812	-	-	427,200	1,398,324	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	187,993	-	4,600	17,812	-	-	427,200	1,398,324	-
Disbursements:									
Current:									
Instruction	-	-	19,122	20,394	-	-	416,708	1,529,920	-
Support services	174,756	77,023	-	-	-	-	88,334	904,788	-
Noninstructional services	-	-	-	-	-	-	(2,281)	24,761	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	98,429	-	-
Total disbursements	174,756	77,023	19,122	20,394	-	-	601,190	2,459,469	-
Excess (deficiency) of receipts over disbursements	13,237	(77,023)	(14,522)	(2,582)	-	-	(173,990)	(1,061,145)	-
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	1,550	-	-	74,933	629,002	-
Transfers out	-	-	(1,550)	-	-	-	(629,002)	(74,933)	-
Total other financing sources (uses)	-	-	(1,550)	1,550	-	-	(554,069)	554,069	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	13,237	(77,023)	(16,072)	(1,032)	-	-	(728,059)	(507,076)	-
Cash and investments - ending	\$ 13,237	\$ 121,106	\$ -	\$ (1,032)	\$ -	\$ -	\$ -	\$ (507,076)	\$ 160

ANDERSON COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	Title One School Improvement I	McKinney Vento Education for Homeless 2010/2011	McKinney Vento Education for Homeless 2011/2012	Special Ed Part B 2010/2011	Special Ed Part B 2011/2012	Special Ed Carryover 2009/2010	Special Education Preschool Carryover 2009/2010	Special Education Preschool 2010/2011	Special Education Preschool 2011/2012
Cash and investments - beginning	\$ 152,702	\$ -	\$ -	\$ -	\$ -	\$ (102,518)	\$ (24,955)	\$ -	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	132,339	-	-	-	-	-	-	-	-
Federal sources	-	16,155	-	950,661	-	341,712	15,219	92,246	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	132,339	16,155	-	950,661	-	341,712	15,219	92,246	-
Disbursements:									
Current:									
Instruction	160,008	-	-	928,488	-	88,200	(13,308)	90,986	-
Support services	191,060	21,312	-	190,070	-	64,542	3,572	11,518	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	10,507	-	-	-	-	86,452	-	-	-
Total disbursements	361,575	21,312	-	1,118,558	-	239,194	(9,736)	102,504	-
Excess (deficiency) of receipts over disbursements	(229,236)	(5,157)	-	(167,897)	-	102,518	24,955	(10,258)	-
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(229,236)	(5,157)	-	(167,897)	-	102,518	24,955	(10,258)	-
Cash and investments - ending	\$ (76,534)	\$ (5,157)	\$ -	\$ (167,897)	\$ -	\$ -	\$ -	\$ (10,258)	\$ -

ANDERSON COMMUNITY SCHOOL CORPORATION
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES
REGULATORY BASIS
For the Year Ended June 30, 2011
(Continued)

	Adult Education 2010/2011	Adult Education 2011/2012	Title Adult Basic 2007/2008	Adult Basic Education 2009/2010	Drug Free Schools	School Technology II	Improving Teaching Quality No Child Left Title II, Part A	Title III Language Instruction	Teaching American History
Cash and investments - beginning	\$ -	\$ -	\$ (2,446)	\$ 19,190	\$ 45,201	\$ -	\$ (56,511)	\$ (6,867)	\$ (5,437)
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	99,436	-	-	-	21,152	28,875	406,375	13,646	67,357
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	99,436	-	-	-	21,152	28,875	406,375	13,646	67,357
Disbursements:									
Current:									
Instruction	62,476	-	(2,446)	24,150	-	-	263,875	29,880	-
Support services	44,675	-	-	(4,960)	88,130	28,875	102,154	1,966	61,920
Noninstructional services	-	-	-	-	1,603	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	1,305	-	17,577	-	-
Total disbursements	107,151	-	(2,446)	19,190	91,038	28,875	383,606	31,846	61,920
Excess (deficiency) of receipts over disbursements	(7,715)	-	2,446	(19,190)	(69,886)	-	22,769	(18,200)	5,437
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(7,715)	-	2,446	(19,190)	(69,886)	-	22,769	(18,200)	5,437
Cash and investments - ending	\$ (7,715)	\$ -	\$ -	\$ -	\$ (24,685)	\$ -	\$ (33,742)	\$ (25,067)	\$ -

ANDERSON COMMUNITY SCHOOL CORPORATION
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES
REGULATORY BASIS
For the Year Ended June 30, 2011
(Continued)

	Web Wise Kids	Title I Grants to LEAs	Special Education Part B	Special Education Part B Preschool	McKinney Vento Education for Homeless 2009/2010	Title I Part D Subpart 2	Education Jobs	Payroll Clearing	Totals
Cash and investments - beginning	\$ (9,720)	\$ 68,849	\$ (496,800)	\$ 27,814	\$ 54,678	\$ 1,563	\$ -	\$ 308,790	\$ 25,157,069
Receipts:									
Local sources	-	-	-	-	-	-	-	-	51,761,670
Intermediate sources	-	-	-	-	-	-	-	-	1,324
State sources	12,759	-	-	-	-	-	-	-	62,909,603
Federal sources	-	733,763	1,012,329	1,383	-	9,400	440,412	-	10,159,713
Temporary loans	-	-	-	-	-	-	-	-	13,501,038
Other	-	-	-	-	-	-	-	18,919,088	18,920,645
Total receipts	12,759	733,763	1,012,329	1,383	-	9,400	440,412	18,919,088	157,253,993
Disbursements:									
Current:									
Instruction	-	479,343	156,720	7,379	50,178	6,657	1,254,485	-	46,346,343
Support services	3,038	666,950	107,025	6,369	4,500	-	-	-	26,928,884
Noninstructional services	-	16,578	-	-	-	-	-	-	4,592,914
Facilities acquisition and construction	-	-	-	-	-	-	-	-	1,821,151
Debt services	-	-	-	-	-	-	-	-	34,629,666
Nonprogrammed charges	-	56,518	-	-	-	-	-	18,855,283	31,250,954
Total disbursements	3,038	1,219,389	263,745	13,748	54,678	6,657	1,254,485	18,855,283	145,569,912
Excess (deficiency) of receipts over disbursements	9,721	(485,626)	748,584	(12,365)	(54,678)	2,743	(814,073)	63,806	11,684,082
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	1,212
Transfers in	-	237,843	-	-	-	5,777	-	-	2,367,248
Transfers out	-	(237,843)	-	-	-	(5,777)	-	-	(2,470,494)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	(102,034)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	9,721	(485,626)	748,584	(12,365)	(54,678)	2,743	(814,073)	63,806	11,582,048
Cash and investments - ending	\$ 1	\$ (416,777)	\$ 251,784	\$ 15,449	\$ -	\$ 4,306	\$ (814,073)	\$ 372,596	\$ 36,739,117

ANDERSON COMMUNITY SCHOOL CORPORATION
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES
REGULATORY BASIS
For the Year Ended June 30, 2012

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond	High School Remodeling Phase II
Cash and investments - beginning	\$ 3,212,238	\$ (1,137,272)	\$ 400,085	\$ 4,803,352	\$ 1,623,749	\$ 761,262	\$ 264,227	\$ 5,225,320	\$ 750,526
Receipts:									
Local sources	1,381,622	10,126,358	3,366,758	3,448,254	3,035,282	416,290	-	424	-
Intermediate sources	530	-	-	-	-	-	-	-	-
State sources	54,734,326	-	-	-	-	-	-	-	-
Federal sources	554,972	-	-	-	-	-	-	-	-
Temporary loans	-	3,063,978	1,351,825	1,298,125	2,347,208	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	56,671,450	13,190,336	4,718,583	4,746,379	5,382,490	416,290	-	424	-
Disbursements:									
Current:									
Instruction	30,966,672	-	-	-	-	-	-	-	-
Support services	12,210,697	294,535	-	4,507,364	3,996,358	1,124,073	-	829,085	-
Noninstructional services	378,208	-	-	-	-	-	-	-	-
Facilities acquisition and construction	(1,100)	-	-	1,110,123	-	-	-	-	750,526
Debt services	3,279,512	11,683,801	4,975,791	1,581,690	2,324,288	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	46,833,989	11,978,336	4,975,791	7,199,177	6,320,646	1,124,073	-	829,085	750,526
Excess (deficiency) of receipts over disbursements	9,837,461	1,212,000	(257,208)	(2,452,798)	(938,156)	(707,783)	-	(828,661)	(750,526)
Other financing sources (uses):									
Sale of capital assets	18,117	-	-	-	-	-	-	-	-
Transfers in	-	1,074,236	1,110,438	-	-	-	-	-	-
Transfers out	(730,643)	-	-	(2,184,674)	-	-	-	-	-
Total other financing sources (uses)	(712,526)	1,074,236	1,110,438	(2,184,674)	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	9,124,935	2,286,236	853,230	(4,637,472)	(938,156)	(707,783)	-	(828,661)	(750,526)
Cash and investments - ending	\$ 12,337,173	\$ 1,148,964	\$ 1,253,315	\$ 165,880	\$ 685,593	\$ 53,479	\$ 264,227	\$ 4,396,659	\$ -

ANDERSON COMMUNITY SCHOOL CORPORATION
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES
REGULATORY BASIS
For the Year Ended June 30, 2012
(Continued)

	School Lunch	Textbook Rental	Self- Insurance	Levy Excess	Joint Services and Supply Area Vocational School	Alternative Education	School Library Printed Material	Early Intervention Grant 2006/2007	Reading Recovery
Cash and investments - beginning	\$ 950,127	\$ 1,540,957	\$ 19,120,060	\$ 114,051	\$ -	\$ 227,595	\$ 2,546	\$ 11,598	\$ 210,450
Receipts:									
Local sources	991,924	-	12,628,140	-	103,246	-	-	-	10,847
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	16,922	416,053	-	-	-	26,642	-	-	2,500
Federal sources	3,067,663	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	4,076,509	416,053	12,628,140	-	103,246	26,642	-	-	13,347
Disbursements:									
Current:									
Instruction	-	-	-	-	530,560	726	-	-	-
Support services	-	41,081	89,947	-	303,329	-	-	-	17,085
Noninstructional services	4,205,522	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	11,612,640	-	-	-	-	-	-
Total disbursements	4,205,522	41,081	11,702,587	-	833,889	726	-	-	17,085
Excess (deficiency) of receipts over disbursements	(129,013)	374,972	925,553	-	(730,643)	25,916	-	-	(3,738)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	730,643	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	730,643	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(129,013)	374,972	925,553	-	-	25,916	-	-	(3,738)
Cash and investments - ending	\$ 821,114	\$ 1,915,929	\$ 20,045,613	\$ 114,051	\$ -	\$ 253,511	\$ 2,546	\$ 11,598	\$ 206,712

ANDERSON COMMUNITY SCHOOL CORPORATION
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES
REGULATORY BASIS
For the Year Ended June 30, 2012
(Continued)

	School Intervention and Career Counseling	Amanda K. Breece S	Invest in Anderson	Early Intervention Grant 2009/2010	Tanglewood Donation	Positive Behavior	Guide Corp Elem	Donations Gifts	Co-op Program
Cash and investments - beginning	\$ 10	\$ 2,866	\$ 2,751	\$ 2,429	\$ 3,620	\$ -	\$ 644	\$ 24,721	\$ 1,521
Receipts:									
Local sources	-	5	-	-	-	2,000	-	217	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	5	-	-	-	2,000	-	217	-
Disbursements:									
Current:									
Instruction	-	-	-	-	-	-	-	-	-
Support services	-	-	-	1,711	-	1,803	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	1,711	-	1,803	-	-	-
Excess (deficiency) of receipts over disbursements	-	5	-	(1,711)	-	197	-	217	-
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	5	-	(1,711)	-	197	-	217	-
Cash and investments - ending	\$ 10	\$ 2,871	\$ 2,751	\$ 718	\$ 3,620	\$ 197	\$ 644	\$ 24,938	\$ 1,521

ANDERSON COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	Naval Junior ROTC	Insig 2008/2009	Indiana Math Initiatives	Uniform Closets	Miscellaneous Programs II	High Ability Grant 2009/2010	High Ability Grant 2010/2011	High Ability Grant 2011/2012	Non-English Speaking Programs P.L. 273-1999
Cash and investments - beginning	\$ (93,365)	\$ 923	\$ 3,046	\$ 4,962	\$ 1,350	\$ -	\$ 7,253	\$ -	\$ 6,889
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	58,077	31,671
Federal sources	54,870	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	54,870	-	-	-	-	-	-	58,077	31,671
Disbursements:									
Current:									
Instruction	75,699	-	-	-	-	-	7,253	42,798	-
Support services	-	-	-	-	-	-	-	-	34,115
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	75,699	-	-	-	-	-	7,253	42,798	34,115
Excess (deficiency) of receipts over disbursements	(20,829)	-	-	-	-	-	(7,253)	15,279	(2,444)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(20,829)	-	-	-	-	-	(7,253)	15,279	(2,444)
Cash and investments - ending	\$ (114,194)	\$ 923	\$ 3,046	\$ 4,962	\$ 1,350	\$ -	\$ -	\$ 15,279	\$ 4,445

ANDERSON COMMUNITY SCHOOL CORPORATION
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES
REGULATORY BASIS
For the Year Ended June 30, 2012
(Continued)

	School Technology	Performance Based Awards	Title I Delinquent	Title I Part D 2009/2010	Title I Part D 2010/2011	Title I 2011/2012	Title I 2009/2010	Title I 2010/2011	Title I Jump Start
Cash and investments - beginning	\$ 13,237	\$ 121,106	\$ -	\$ (1,032)	\$ -	\$ -	\$ -	\$ (507,076)	\$ 160
Receipts:									
Local sources	-	-	-	-	-	-	-	94	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	6,407	35,841	2,734,172	-	1,399,890	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	6,407	35,841	2,734,172	-	1,399,984	-
Disbursements:									
Current:									
Instruction	-	-	-	5,040	36,016	1,770,849	-	393,827	160
Support services	13,237	39,868	-	-	-	1,145,756	-	445,335	-
Noninstructional services	-	-	-	-	-	32,709	-	4,761	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	335	-	-	-	48,985	-
Total disbursements	13,237	39,868	-	5,375	36,016	2,949,314	-	892,908	160
Excess (deficiency) of receipts over disbursements	(13,237)	(39,868)	-	1,032	(175)	(215,142)	-	507,076	(160)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(13,237)	(39,868)	-	1,032	(175)	(215,142)	-	507,076	(160)
Cash and investments - ending	\$ -	\$ 81,238	\$ -	\$ -	\$ (175)	\$ (215,142)	\$ -	\$ -	\$ -

ANDERSON COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	Title One School Improvement I	McKinney Vento Education for Homeless 2010/2011	McKinney Vento Education for Homeless 2011/2012	Special Ed Part B 2010/2011	Special Ed Part B 2011/2012	Special Ed Carryover 2009/2010	Special Education Preschool Carryover 2009/2010	Special Education Preschool 2010/2011	Special Education Preschool 2011/2012
Cash and investments - beginning	\$ (76,534)	\$ (5,157)	\$ -	\$ (167,897)	\$ -	\$ -	\$ -	\$ (10,258)	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	491,520	-	-	-	-	-	-	-	-
Federal sources	-	51,252	56,833	1,407,543	784,781	-	-	10,258	82,577
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	491,520	51,252	56,833	1,407,543	784,781	-	-	10,258	82,577
Disbursements:									
Current:									
Instruction	41,359	-	-	1,078,982	735,181	-	-	-	76,196
Support services	384,149	46,095	56,833	160,664	114,070	-	-	-	9,575
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	3,427	-	-	-	-	-	-	-	-
Total disbursements	428,935	46,095	56,833	1,239,646	849,251	-	-	-	85,771
Excess (deficiency) of receipts over disbursements	62,585	5,157	-	167,897	(64,470)	-	-	10,258	(3,194)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	62,585	5,157	-	167,897	(64,470)	-	-	10,258	(3,194)
Cash and investments - ending	\$ (13,949)	\$ -	\$ -	\$ -	\$ (64,470)	\$ -	\$ -	\$ -	\$ (3,194)

ANDERSON COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	Adult Education 2010/2011	Adult Education 2011/2012	Title Adult Basic 2007/2008	Adult Basic Education 2009/2010	Drug Free Schools	School Technology II	Improving Teaching Quality No Child Left Title II, Part A	Title III Language Instruction	Teaching American History
Cash and investments - beginning	\$ (7,715)	\$ -	\$ -	\$ -	\$ (24,685)	\$ -	\$ (33,742)	\$ (25,067)	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	66,746	71,643	-	-	46,508	-	1,175,258	37,068	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	66,746	71,643	-	-	46,508	-	1,175,258	37,068	-
Disbursements:									
Current:									
Instruction	37,747	25,486	-	-	-	-	993,087	27,053	-
Support services	21,284	37,084	-	-	18,737	-	140,303	-	-
Noninstructional services	-	-	-	-	1,377	-	-	-	-
Facilities acquisition and construction	-	14,300	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	1,709	-	18,508	-	-
Total disbursements	59,031	76,870	-	-	21,823	-	1,151,898	27,053	-
Excess (deficiency) of receipts over disbursements	7,715	(5,227)	-	-	24,685	-	23,360	10,015	-
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	7,715	(5,227)	-	-	24,685	-	23,360	10,015	-
Cash and investments - ending	\$ -	\$ (5,227)	\$ -	\$ -	\$ -	\$ -	\$ (10,382)	\$ (15,052)	\$ -

ANDERSON COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	Web Wise Kids	Title I Grants to LEAs	Special Education Part B	Special Education Part B Preschool	McKinney Vento Education for Homeless 2009/2010	Title I Part D Subpart 2	Education Jobs	Payroll Clearing	Totals
Cash and investments - beginning	\$ 1	\$ (416,777)	\$ 251,784	\$ 15,449	\$ -	\$ 4,306	\$ (814,073)	\$ 372,596	\$ 36,739,117
Receipts:									
Local sources	-	-	-	-	-	-	-	-	35,511,461
Intermediate sources	-	-	-	-	-	-	-	-	530
State sources	1,686	-	-	-	-	-	-	-	55,779,397
Federal sources	-	483,259	104,227	40,080	-	-	907,548	-	13,179,396
Temporary loans	-	-	-	-	-	-	-	-	8,061,136
Other	-	-	-	-	-	-	-	18,044,980	18,044,980
Total receipts	1,686	483,259	104,227	40,080	-	-	907,548	18,044,980	130,576,900
Disbursements:									
Current:									
Instruction	-	(33,471)	112,806	-	-	3,213	97,212	-	37,024,451
Support services	2,776	85,112	175,767	55,529	-	840	-	-	26,404,197
Noninstructional services	-	-	-	-	-	-	-	-	4,622,577
Facilities acquisition and construction	-	-	-	-	-	-	-	-	1,873,849
Debt services	-	-	-	-	-	-	-	-	23,845,082
Nonprogrammed charges	-	14,841	67,438	-	-	253	-	16,907,628	28,675,764
Total disbursements	2,776	66,482	356,011	55,529	-	4,306	97,212	16,907,628	122,445,920
Excess (deficiency) of receipts over disbursements	(1,090)	416,777	(251,784)	(15,449)	-	(4,306)	810,336	1,137,352	8,130,980
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	18,117
Transfers in	-	-	-	-	-	-	-	-	2,915,317
Transfers out	-	-	-	-	-	-	-	-	(2,915,317)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	18,117
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,090)	416,777	(251,784)	(15,449)	-	(4,306)	810,336	1,137,352	8,149,097
Cash and investments - ending	\$ (1,089)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (3,737)	\$ 1,509,948	\$ 44,888,214

ANDERSON COMMUNITY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS

TRANSPORTATION FUND EXPENDITURES

As similarly stated in prior report, B38552, we identified during our payroll testing that 10% of the salaries of two administrative employees were paid from the Transportation Fund.

Indiana Code 20-40-6-6(a) states in part:

"The following costs are payable from the fund:

- (1) The salaries paid to bus drivers, transportation supervisors, mechanics and garage employees, clerks, and other transportation-related employees . . ."

USE OF FORM SA-5, FINANCIAL REPORT (Applies to Anderson High School)

The ending cash balance from one school year did not agree to the beginning cash balance of the succeeding school year as reported on the Financial Reports (Form SA-5) for the 2010-2011 and 2011-2012 school years. A similar comment appeared in the prior two reports, most recently Report B38552. The table below illustrates the differences.

	<u>May 31, Ending</u>	<u>June 1, Beginning</u>	<u>Difference</u>
2010	\$ 137,928.14	\$ 138,191.86	\$ 263.72
2011	151,096.57	151,346.41	249.84

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

BANK ACCOUNT RECONCILIATIONS (Applies to Anderson High School, Ebbert Education Center)

Depository reconciliations of the fund balances to the bank account balances were not accurate and contained several errors for Anderson High School. The monthly reconcilements did not take into account investments (certificates of deposit (CD) and savings accounts) when attempting to reconcile the ledger balance to the bank accounts. The reconciled bank balance at May 31, 2012, was \$3,781.45 greater than the fund balances. Additional reconciling items were identified during the course of the audit as follows:

ANDERSON COMMUNITY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

- We identified that interest that had accumulated on the CDs was being accounted for twice in the ledger, overstating the ending fund balance by \$1,191.47.
- The ECA Treasurer identified that one CD was not being recorded in the ledgers understating the ending balance by \$5,067.89.
- Lastly, we identified that another CD balance in the ledger was not in agreement to the bank balance, understating the ending fund balance by \$5.13.

When the original variance was combined with the additional reconciling items identified above, the remaining unreconciled bank variance is \$100.10 less than the fund balances. A similar comment appeared in the two prior reports, most recently Report B38552.

Bank reconcilements for the Ebberth Education Center were not conducted timely. June 2011 through September 2012 depository reconciliations of the fund balances to the bank account balances presented were all prepared in October 2012. The bank reconciliation ending May 31, 2012, indicated that a \$1,020 deposit was never receipted or recorded into Ebberth Education Center's ledger.

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

INTEREST ON INVESTMENTS (Applies to Anderson High School)

Interest earned on investments in some instances was automatically added to the principal and not recorded in the records. A similar comment appeared in the prior two reports, most recently Report B38552.

Interest on investments should not be automatically added into the investment. Instead, interest on investments should be paid to the governmental unit at each maturity date and posted to the appropriate fund. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

(This page intentionally left blank.)

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

TO: THE OFFICIALS OF THE ANDERSON COMMUNITY SCHOOL
CORPORATION, MADISON COUNTY, INDIANA

Compliance

We have audited Anderson Community School Corporation's (School Corporation) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the period of July 1, 2010 to June 30, 2012. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on the School Corporation's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the School Corporation's compliance with those requirements.

In our opinion, the School Corporation complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the period of July 1, 2010 to June 30, 2012.

Internal Control Over Compliance

Management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the School Corporation's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over compliance.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(Continued)

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

The School Corporation's response to the findings identified in our audit is described in the accompanying Official Response. We did not audit the School Corporation's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the School Corporation's management, School Board, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

December 20, 2012

(This page intentionally left blank.)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The Schedule of Expenditures of Federal Awards and accompanying notes presented were approved by management of the School Corporation. The schedule and notes are presented as intended by the School Corporation.

ANDERSON COMMUNITY SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2011 and 2012

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-11	Total Federal Awards Expended 06-30-12
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553	FY2011 FY 2012	\$ 652,343 -	\$ - 819,522
National School Lunch Program	10.555	FY2011 FY 2012	2,300,402 -	- 2,640,633
Total for cluster			2,952,745	3,460,155
Total for federal grantor agency			2,952,745	3,460,155
<u>U.S. DEPARTMENT OF JUSTICE</u>				
Direct Grant				
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	2008-JS-FX-K080	12,759	1,686
Total for federal grantor agency			12,759	1,686
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Pass-Through Indiana Department of Education				
Title I, Part A Cluster				
Title I Grants to Local Educational Agencies	84.010	2009/2010 2010/2011 2011/2012 10-5275 SI	427,200 1,398,324 - 118,222	- 1,399,890 2,734,172 491,520
Total for program			1,943,746	4,625,582
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	Part D 2010/2011 Part D 2009/2010	733,763 9,400	483,259 -
Total for program			743,163	483,259
Total for cluster			2,686,909	5,108,841
Special Education Cluster (IDEA)				
Special Education - Grants to States	84.027	14210-002-PN01 14211-002-PN01 14212-002-PN01	341,712 950,661 -	- 1,407,543 784,781
Total for program			1,292,373	2,192,324
Special Education - Preschool Grants	84.173	45710-002-PN01 45711-002-PN01 45712-002-PN01	15,219 92,246 -	- 10,258 82,577
Total for program			107,465	92,835
ARRA - Special Education Grants to States, Recovery Act	84.391	14210-002-PN01	1,012,329	104,227
ARRA - Special Education - Preschool Grants, Recovery Act	84.392	44410-002-SN01	1,383	40,080
Total for cluster			2,413,550	2,429,466

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

ANDERSON COMMUNITY SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2011 and 2012
(Continued)

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-11	Total Federal Awards Expended 06-30-12
<u>U.S. DEPARTMENT OF EDUCATION (continued)</u>				
Pass-Through Indiana Department of Education (continued)				
Education of Homeless Children and Youth Cluster				
Education for Homeless Children and Youth	84.196	11-5275 12-5275	16,155 -	51,252 56,833
Total for program			16,155	108,085
Total for cluster			16,155	108,085
Direct Grant				
Fund for the Improvement of Education Teaching American History	84.215	U215X060306	67,357	-
Pass-Through Indiana Department of Education				
Adult Education - Basic Grants to States	84.002	2011-8001 2012-8001	99,436 -	66,746 74,343
Total for program			99,436	141,089
Migrant Education - State Grant Program	84.011	11-5275	14,117	-
Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013	10-5275 11-5275 12-5275	4,600 17,812 -	- 6,407 35,841
Total for program			22,412	42,248
Career and Technical Education - Basic Grants to States Perkins Basic Grant	84.048	11-5275 12-5275	195,496 -	- 184,297
Total for program			195,496	184,297
Safe and Drug-Free Schools and Communities - State Grants	84.186	11-5275	21,152	46,508
English Language Acquisition State Grants	84.365	62620/K00	13,646	37,068
Improving Teacher Quality State Grants	84.367	10-5275 11-5275 12-5275	28,875 406,375 -	- - 1,175,258
Total for program			435,250	1,175,258
Education Jobs Fund	84.410	11-5275	440,412	907,548
Total for federal grantor agency			6,425,892	10,180,408
Total federal awards expended			\$ 9,391,396	\$ 13,642,249

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

ANDERSON COMMUNITY SCHOOL CORPORATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Anderson Community School Corporation (School Corporation) and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statement. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

Circular A-133 requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$500,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with Indiana Code (IC 5-11-1 et seq.), audits of school corporations shall be conducted biennially. Such audits shall include both years within the biennial period.

Note 2. Subrecipients

The School Corporation provided federal awards to subrecipients as follows for the years ended June 30, 2011 and 2012. These awards may not be presented in the current schedule due to timing differences:

Program Title	Federal CFDA Number	2011	2012
Education for Homeless Children and Youth	84.196	\$ 25,559	\$ 97,148
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	10,329	-
ARRA - Special Education Grants to States, Recovery Act	84.391	239,459	-

Note 3. Noncash Assistance

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2011 and 2012. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2011	2012
School Breakfast Program	10.553	\$ 63,277	\$ 56,574
National School Lunch Program	10.555	239,411	168,570

ANDERSON COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unqualified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	no

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
	Child Nutrition Cluster
	Special Education Cluster (IDEA)
84.367	Improving Teacher Quality State Grants
84.410	Education Jobs Fund

Dollar threshold used to distinguish between Type A and Type B programs: \$691,009

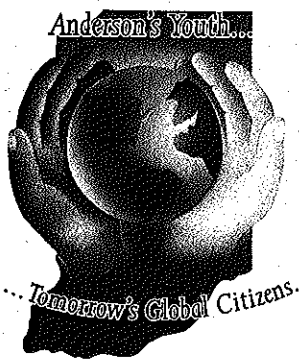
Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.



Anderson Community School Corporation

Kevin J. Brown, Business Manager and Treasurer

E-mail: kbrown@acsc.net

To: State Board of Accounts
From: Kevin J. Brown
Re: Summary Schedule of Prior Audit Findings
Date: 10-15-12

FINDING 2010-1, PROCUREMENT COMPETITION BIDDING:

ORIGINAL RESPONSE:

BID FOR DAIRY PRODUCTS: *Regarding the bid for dairy products for the 2009-2010 school year, competitive bids were taken according to law and locally established practice. The lowest responsible and responsive bid was recommended to the Board by the administration; however, the Board chose to reject all bids and directed the administration to re-advertise, despite advice to the contrary. The new board which was seated in July of 2010 expressed its desire to award bids to the lowest responsible and responsive bidder, and all potential bidders of dairy products have been notified of this commitment. In the future, the Board will be reminded of the statutory requirements regarding competitive bidding.*

CURRENT STATUS:

Since the incident took place, we have annually sent letters to all known vendors in our market assuring them that we have revised our internal processes and will be awarding the dairy products bid to the lowest responsible and responsive bidder. As a result, both last year's bid results (2011-12 school year) and this year's bid results (2012-13 school year) resulted in competitive bidding from different vendors each year, and the lowest bid was awarded.

As stated in the audit response dated January 24, 2011, we will continue to comply with the statutory requirements regarding competitive bidding.

FINDING 2010-2, SIGNIFICANT DEFICIENCY ALLOWABLE COSTS/COST PRINCIPLES:

ORIGINAL RESPONSE:

Regarding the misuse of the grocery store charge card, the Anderson Community School Corporation has always taken pride in having internal controls that would prohibit as much as possible any theft from occurring. If followed and properly supervised, such procedures are effective in ensuring proper internal control.

In the noted instance, the employee in question violated corporate procedure by not appropriately maintaining the credit card, securing additional cards without authority and by misusing the card for personal gain. In addition, the immediate supervisor did not adequately review all processes and procedures prior to approval. As a result of these breaches, we have tightened the access to the card and have instituted a 100% required review of all purchases to be performed by the Director of Special Education prior to submission for payment.

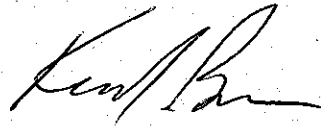
CURRENT STATUS:

Full restitution has been made to the Anderson Community School Corporation by a combination of Insurance proceeds and repayment by the offending employee. In addition, said former employee was tried and convicted and has served the required sentence.

Also, procedures have been implemented as stated in the initial audit response with no further violations of allowable costs experienced.

Please do not hesitate to contact me should you have any further questions.

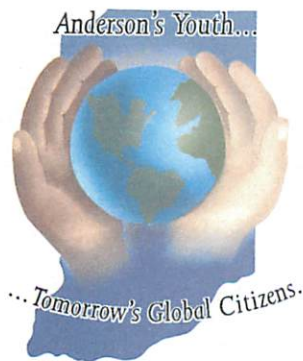
Respectfully,

A handwritten signature in black ink, appearing to read 'Kevin J. Brown', written in a cursive style.

Kevin J. Brown
Chief Financial Officer

ANDERSON COMMUNITY SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on December 20, 2012, with Kevin Brown, Treasurer; Dr. Felix Chow, Superintendent of Schools; Ben Gale, President of the School Board; Janet Windlan, Deputy Treasurer; Elizabeth Clark, Assistant Superintendent of Schools; and Joseph Cronk, Chief Operating Officer. The Official Response has been made a part of this report and may be found on page 49.



Anderson Community School Corporation

Kevin J. Brown, Business Manager and Treasurer

E-mail: kbrown@acsc.net

January 8, 2013

Mr. Bruce A. Hartman, C.P.A.
State Examiner
Indiana State Board of Accounts
302 W. Washington Street, Room E418
Indianapolis, IN 46204-2765

Re: Response to Audit Report
For the period ended
June 30, 2012

Dear Mr. Hartman:

This letter is in response to the "Audit Results and Comments" discussion draft discussed in the exit conference on December 20, 2012 of the Anderson Community School Corporation for the audit period ended June 30, 2012.

With regard to the Audit Results and Comments affecting the School Corporation as a whole, the following is submitted:

1. **TRANSPORTATION FUND EXPENDITURES:** Regarding the expensing of a portion of two employee's salaries to the transportation fund, both employees were members of the financial staff of the corporation whose duties include a significant amount of attention to transportation fund matters. Accordingly, this is the reason those expenses were charged to the fund. Despite these actual costs being directly associated with the administration of the transportation fund, Anderson Community School Corporation will discontinue the practice as directed.
2. **USE OF FORM SA-5, FINANCIAL REPORT (Applies to Anderson High School):** Extracurricular treasurers will continue to be instructed as to the necessity of matching ending cash balances from one school year to the beginning cash balances of the succeeding school year.
3. **BANK ACCOUNT RECONCILIATIONS – (Applies to Anderson High School, Ebbert Education Center):** Extracurricular treasurers will continue to be instructed as to the requirements of accurate depository reconciliations
4. **INTEREST ON INVESTMENTS (Applies to Anderson High School):** Extracurricular treasurers will continue to be instructed to properly record interest and not simply add it to the principal. All investments should be reflected in the records. While the accounting for investments could be better documented, we feel all investments are readily determinable.

Thank you for the opportunity to respond to this audit report.

Sincerely,

Dr. Felix H. Chow
Superintendent

Kevin J. Brown
Business Manager and Treasurer

FHC/KJB/at
cc: Executive Cabinet